

Message Text

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PAGE 01 WARSAW 06741 090854Z

21

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SUBJECT: PROPOSED SPECIALIZED TRADE MISSION FOR MINING EQUIP-
MENT AND SERVICES

REF STATE 172301 (NOTAL)

1. FOLLOWING EARLIER MEETINGS AT THE MINISTRY OF MINING AND POWER AND THE MINISTRY OF HEAVY INDUSTRY, THE TDC DIRECTOR MET WITH ZBIGNIEW LORENC, DIRECTOR OF THE FOREIGN COOPERATION DEPARTMENT OF THE MINISTRY OF MINING AND POWER, AND WITH SEVERAL HIGH-LEVEL OFFICIALS OF THE POLISH MINING INDUSTRY TO DISCUSS THE PROPOSED TRADE MISSION. LORENC SAID THAT THE MINISTRY ENDORSES THE PROPOSED MISSION AND LOOKS FORWARD TO PREPARING THE MISSION'S PROGRAM. LORENC SAID THE MINISTRY IS NOW DRAWING UP A LIST OF MINING EQUIPMENT AND MACHINERY OF PARTICULAR INTEREST TO POLAND. THE LIST WILL BE TRANSMITTED TO ADDRESSEES AS SOON AS WE RECEIVE A COPY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 WARSAW 06741 090854Z

2. COAL MINING: POLAND HAS MADE SIGNIFICANT ADVANCES IN LONG-WALL MINING, A TECHNIQUE WHICH, WE UNDERSTAND, IS ONLY MINIMALLY APPLIED IN THE UNITED STATES. LORENC NOTED, HOWEVER, THAT SEVERAL U.S. FIRMS HAVE INQUIRED ABOUT POLISH LONG-WALL EQUIPMENT FOR POSSIBLE USE IN THE UNITED STATES. (COMMENT: WE UNDERSTAND THAT FMC CORP. HAS BEGUN NEGOTIATIONS TOWARD OBTAINING A LICENSE FROM POLAND FOR THE MARKETING OF CERTAIN POLISH MINING MACHINERY IN THE U.S. END COMMENT.) POLISH OPEN-PIT AND STRIP MINING RELIES LARGELY ON WHEEL EQUIPMENT RATHER THAN THE DRAGLINE EQUIPMENT COMMON IN THE UNITED STATES. FOR THIS REASON, POLAND WAS FORCED TO PURCHASE EQUIPMENT FOR THE BELCHATOW MINE FROM KRUPP OF GERMANY DESPITE INTENSIVE EFFORTS TO LOCATE AN AMERICAN SUPPLIER. THE USE OF TRUCKS TO TRANSPORT COAL IS RARE IN POLAND. INSTEAD, EXTENSIVE CONVEYOR SYSTEMS CARRY THE COAL FROM THE PITHEAD TO RAIL SPURS, OR, AS IN THE CASE OF THE BROWN-COAL FIELDS AT KONIN, DIRECTLY TO A POWER STATION. DESPITE THE DIFFERENCES IN MINING TECHNIQUES AND GEOLOGY, HOWEVER, THERE IS A GOOD MARKET FOR SURFACE MACHINERY AND AUTOMATION EQUIPMENT. THE POLISH COAL-MINING INDUSTRY SUFFERS FROM A SEVERE SHORTAGE OF UNDERGROUND MANPOWER. IT IS THOUGHT THAT AUTOMATION AND MECHANIZATION OF SURFACE OPERATIONS WILL FREE LABOR FOR UNDERGROUND WORK.

3. SOME U.S. MACHINERY IS IN FACT USED IN POLISH COAL MINES. JOY MANUFACTURING COMPANY, FOR EXAMPLE, SUPPLIES POLAND WITH MACHINERY MANUFACTURED IN WESTERN EUROPE (FRANCE AND GERMANY) BY WHOLLY-OWNED SUBSIDIARIES. IMPORT OF U.S. MADE COAL-MINING EQUIPMENT, HOWEVER, IS SLIGHT. IN ADDITION TO THE SURFACE EQUIPMENT LISTED ABOVE, OPPORTUNITIES ARE GREATEST FOR THE FOLLOWING:

TUNNELING EQUIPMENT

LARGE-DIAMETER DRILLING MACHINES FOR SINKING SHAFTS

DRILLING MACHINES AND EQUIPMENT FOR ROOF-BOLTING

"HELMINERS" FOR ROCK AND SANDSTONE FORMATIONS

DRILLING EQUIPMENT FOR GEOPHYSICAL EXPLORATION
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 WARSAW 06741 090854Z

4. OIL MINING: EXPLORATION FOR, AND EXTRACTION OF OIL, BOTH IN POLAND AND IN OTHER COUNTRIES, ARE OF RAPIDLY-GROWING INTEREST TO POLAND, LORENC STRESSED SPECIFIC INTEREST IN DEVELOPING CONTACTS WITH U.S. FIRMS INTERESTED IN SUPPLYING TECHNOLOGY AND EQUIPMENT FOR THE MODERNIZATION OF A FACTORY IN GLINIK (SOUTHWEST POLAND) PRODUCING DRILLING MACHINERY AND EQUIPMENT. THE GLINIK PLANT NOW EMPLOYS ABOUT 6,000 WORKERS,

INCLUDING SOME 600 PROFESSIONAL ENGINEERS. (COMMENT: WE BELIEVE THIS PLANT NOW PRODUCES, AMONG OTHER ITEMS, OIL-DRILLING BITS UNDER A LICENSE PURCHASED FROM DRESSER INDUSTRIES. END COMMENT.) LORENC EMPHASIZED THE MUTUAL BENEFITS WHICH COULD RESULT FROM U.S.-POLISH COOPERATION IN THE PRODUCTION OF DRILLING MACHINERY. POLAND WOULD USE THIS MACHINERY FOR EXPLORATION AND EXTRACTION NOT ONLY IN POLAND (WHERE EXTRACTION IS NEGLIGIBLE), BUT ALSO IN THIRD COUNTRIES AND PERHAPS OFFSHORE. (NOTE: POLISH EXPLORATION FOR OIL IN THE BALTIC SEA, PERHAPS IN COOPERATION WITH A WESTERN COMPANY OR GROUP OF COMPANIES, IS A STRONG POSSIBILITY FOR THE FUTURE, AND POLAND HAS HAD PRELIMINARY TALKS ON THIS SUBJECT WITH MORE THAN ONE U.S. FIRM.)

5. NONFERROUS METALS: THE MINING AND PROCESSING OF NONFERROUS METALS IS THE RESPONSIBILITY OF THE MINISTRY OF HEAVY INDUSTRY, NOT THE MINISTRY OF MINING. POLAND HAS EXTENSIVE DEPOSITS OF COPPER AND ZINC, AND EXTRACTION OF THESE METALS WILL INCREASE SHARPLY OVER THE NEXT DECADE. BAUXITE DEPOSITS HAVE ONLY RECENTLY BEEN DISCOVERED, AND WE HAVE LITTLE INFORMATION ON THEIR EXTENT OR ON PLANS FOR THEIR EXPLOITATION. POLAND IS THE WORLD'S SECOND-LARGEST PRODUCER OF SULFUR. ALTHOUGH HARD CURRENCY FOR THE DEVELOPMENT OF THE COPPER INDUSTRY IS AVAILABLE (A CONSORTIUM OF U.S. AND CANADIAN BANKS HAVE RECENTLY EXTENDED A \$100-MILLION CREDIT TO THE ASSOCIATION OF THE NONFERROUS MINING AND METALLURGICAL INDUSTRY), POLISH SOURCES HAVE TOLD US THAT MAJOR IMPORTS OF COPPER-MINING EQUIPMENT ARE NOT PLANNED. WE BELIEVE THESE FUNDS WILL BE INVESTED PRIMARILY, IF NOT EXCLUSIVELY, IN TECHNOLOGY AND EQUIPMENT FOR COPPER PROCESSING AND FABRICATION. THE MINISTRY OF HEAVY INDUSTRY DID NOT EXPRESS GREAT ENTHUSIASM FOR THE PROPOSED MISSION, WHILE THE MINISTRY OF MINING AND POWER RECOMMENDED THAT THE MISSION BE RESTRICTED TO COAL AND

UNCLASSIFIED

PAGE 04 WARSAW 06741 090854Z

PETROLEUM MINING. WE THEREFORE SUGGEST THAT EQUIPMENT APPLICABLE ONLY TO THE MINING OF NONFERROUS METALS BE EXCLUDED FROM THE MISSION.

6. RECOMMENDATION: THE PROPOSED TRADE MISSION, IF CAREFULLY RECRUITED, HAS EVERY PROSPECT OF GREAT SUCCESS. POLISH INTEREST IN U.S. ACHIEVEMENTS IN MINING HAS BEEN ENHANCED BY FIRST SECRETARY GIEREK'S SUCCESSFUL VISITS TO COAL MINES IN OHIO AND WEST VIRGINIA AND BY THE CONCLUSION OF THE U.S.-POLISH AGREEMENT ON COOPERATIVE RESEARCH IN COAL MINING AND UTILIZATION. WE URGE BEWT TO PROCEED WITH PLANNING FOR THE MISSION. PRIOR TO RECRUITMENT OF MISSION MEMBERS, WE RECOMMEND THAT BEWT DISCUSS THE MISSION WITH MEMBERS OF THE DEPARTMENT OF INTERIOR STUDY GROUP WHICH VISITED POLAND IN AUGUST, 1974. (THE STUDY GROUP WAS LED BY DR. WILLIAM CRENTZ,

WHO MAY BE REACHED THROUGH THE OFFICE OF BARBARA BURNS,
OFFICE OF INTERNATIONAL AFFAIRS, DEPT. OF THE INTERIOR.)
ALTHOUGH WE UNDERSTAND THAT BUDGETARY DIFFICULTIES MAY
SHARPLY LIMIT THE NUMBER OF TRADE MISSIONS TO BE SPONSORED
IN FY 1975, WE WOULD GIVE THE MISSION THE HIGHEST PRIORITY.
DAVIES

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